



# SBA Procedural Notice

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**TO:** All Employees

**LIMIT NO.:** 5000-1070

**SUBJECT:** FY 2009 Community Express Loan  
Volume Limits and SBA Efforts to  
Broaden Lender Participation

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**EFFECTIVE:** 9/23/2008

With the impending changes to the Community Express Pilot Program, the Agency is continuing to ensure that the program is effectively and efficiently managed and that it is properly positioned to meet the needs of underserved markets. Also, to mitigate the Agency's portfolio risk as well as to ensure the program remains in compliance with certain restrictions over SBA pilot program lending, the Agency must closely monitor and limit the number of loans approved under Community Express. As a result, SBA is providing advance notice about the Agency's plans to limit the number of loans individual lenders may approve under Community Express during FY 2009.

As SBA moves forward on October 1, 2008, to implement the changes to Community Express described in the notice published in the Federal Register on June 30, 2008 (and further detailed in SBA Procedural Notice 5000-1068), the Agency will continue to limit its loan volume and will seek to diversify its lender participation. Diversifying lender participation will encourage competition and innovation under the program, ensure greater geographic coverage, encourage more small, community-based lenders to participate, and help mitigate SBA's risk. Thus far, a very limited number of lenders have accounted for the vast majority of SBA's Community Express loan volume. In order to expand lender participation in the program, SBA will continue to allow new lenders to participate in Community Express, but will limit the number of loans individual lenders can approve.

In developing monthly loan limits under Community Express, SBA has analyzed the number of Community Express loans produced by individual Community Express lenders over the last few years. SBA has found that while a few lenders have made substantial numbers of Community Express loans, the vast majority have averaged fewer than 10 Community Express loans per month. The Agency has also contacted many of these small volume Community Express lenders to discuss their plans to utilize the Program in FY 2009.

As a result of these discussions and SBA's analysis, and to encourage broader lender participation while ensuring SBA remains within the restrictions on the number of Community Express loans it may annually approve, the Agency will limit small volume Community Express lenders to no more than 10 Community Express loans per month during FY 2009. However, for those small volume Community Express that have an established Community Express-specific business plan for FY 2009 that would exceed 10 Community Express loans per month, SBA will consider exceptions to this limit on a case-by-case basis.

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**EXPIRES:** 9/1/2009

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SBA Form 1353.2 (12-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58

Lenders seeking exceptions to the 10 per month loan limit should send a copy of their business plan as it relates to Community Express for FY 2009 to [charles.thomas@sba.gov](mailto:charles.thomas@sba.gov) and to [stephen.kucharski@sba.gov](mailto:stephen.kucharski@sba.gov). These plans should make clear the number of Community Express loans the lender anticipates making on a monthly basis for each of the next three years, generally how the lender intends to accomplish this expansion, how the Community Express product fits in with the lender's utilization of other SBA loan products, the lender's plans for providing substantive technical assistance to its expanding numbers of Community Express borrowers, and other relevant information.

In granting exceptions to the monthly loan limit, SBA will consider a lender's experience and proficiency in making Community Express loans; its adherence to applicable SBA policies and procedures, including the technical assistance requirements under Community Express; its number of Community Express loan approvals in recent years; the performance of its Community Express and 7(a) loan portfolios; the findings and results of any Office of Credit Risk Management oversight/analyses; and other relevant information.

During FY 2009, SBA will periodically assess program risk and effectiveness, the volume of Community Express loans, and the volume of 7(a) loans, and SBA will consider modifications to the monthly loan limits as appropriate. The Agency also encourages all Community Express lenders to utilize other 7(a) loan products in addition to Community Express.

SBA also urges all Community Express lenders to take advantage of E-Tran, which will help them manage their monthly loan limits and will expedite the transmission of their loan applications to SBA. (Lenders may sign-up for E-Tran at: <https://eweb.sba.gov/gls> .)

For questions concerning this notice please contact Charlie Thomas at (202)205-6656 or [charles.thomas@sba.gov](mailto:charles.thomas@sba.gov).

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Director  
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